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R 121919Z SEP 73 FM SECSTATE WASHDC TO AMEMBASSY MANILA

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E.O. 11652: N/A TAGS: ETRN PR

SUBJECT: CIVAIR: "HOMECOMING FARES" AND PROMOTION

REF: MANILA 9963, STATE 171291

- 1. ON SEPTEMBER 5, 1973, CAB'S TARIFFS SECTION DENIED A SPECIAL TARIFF PERMISSION APPLICATION BY PAL TO ADVANCE EFFECTIVE DATE OF THE U.S.-MANILA GROUP EXCURSION FARE FROM 28 SEPTEMBER TO 1 SEPTEMBER, BECAUSE THE APPLICATION FAILED TO STATE SPECIAL CIRCUMSTANCES OR UNUSUAL CONDITIONS WHICH REQUIRED THE PROPOSED TARIFF MATTERS TO BE ESTABLISHED ON LESS THAN STATUTORY NOTICE.
- 2. PAN AMERICAN AND NORTHWEST HAVE FILED FORMAL COMPLAINTS WITH THE BOARD ON GROUNDS THAT THE PROPOSED FARES ARE UNECONOMICALLY LOW, AND UNJUSTLY DISCRIMINATORY IN THAT THEY WOULD BE AVAILABLE ONLY TO HOLDERS OF PHILIPPINE PASSPORTS WITH PERMANENT RESIDENCE IN THE U.S. THE BOARD STAFF BELIEVES COMPLAINTS HAVE CONSIDERABLE MERIT AND THAT FARES SHOULD NOT BE PERMITTED TO BECOME EFFECTIVE WITHOUT PRIOR INVESTIGATION.
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3. THE 425 DOLLAR (WEST COAST-MANILA) AND 355 DOLLAR

(HONOLULU-MANILA) LEVELS PRODUCE YIELDS OF ONLY 2.9 CENTS AND 3.4 CENTS PER MILE, RESPECTIVELY. THESE FARES ARE SUBSTANTIALLY OUT OF LINE WITH U.S.-PHILIPPINES FARES RECENTLY APPROVED BY THE BOARD. THE LOWEST APPROVED U.S.-PHILIPPINES FARES ARE 490 DOLLARS (WEST COAST-MANILA) AND 404 DOLLARS (HONOLULU-MANILA) APPLICABLE TO AFFINITY GROUPS OF 70 PASSENGERS. THIS FARE PRODUCES YIELDS OF 3.3 CENTS AND 3.8 CENTS PER MILE, RESPECTIVELY, FOR SAN FRANCISCO-MANILA AND HONOLULU-MANILA TRAVEL. EVEN THESE YIELDS ARE SUBSTANTIALLY LOWER THAN THE GENERAL PATTERN OF U.S.-PHILIPPINES FARES. IN BOARD'S OPINION, FARES EQUIVALENT IN AMOUNT TO THE GROUP 70 FARES WOULD ADEQUATELY GENERATE "OPERATION HOMECOMING" TRAVEL.

- 4. FURTHER, THE APPLICATION AND INTENT OF PARAGRAPH 3 OF THE JULY 31 GOP ORDER TO PAL IS UNCLEAR. THIS PARAGRAPH DIRECTS THE CARRIER TO "ACCOMMODATE REQUESTS BY THE DEPARTMENT OF TOURISM FOR FULL SUPPORT OF TRAVEL OF ENTERTAINMENT GROUPS AND SPECIAL GUESTS TO AND FROM THE UNITED STATES AND EUROPE IN CONNECTION WITH THE PROMOTION OF THIS PARTICULAR PROGRAM OF THE ADMINISTRATION." THIS SEEMS TO IMPLY THE TENDER OF FREE TRANSPORTATION, AND WE BELIEVE GOP AND PAL SHOULD BE REMINDED THAT NOTWITHSTANDING THE EXISTENCE OF A GOVERNMENT ORDER, PART 223.2 AND 223.8 OF THE BOARD'S REGULATIONS REQUIRE THAT SPECIAL PERMISSION BE OBTAINED FOR THE SPECIFIC INDIVIDUALS OR GROUPS TO BE CARRIED.
- 5. FYI. SO FAR THE DEPT HAS NOT BEEN APPROACHED BY PHILIPPINE EMBASSY ON THIS SUBJECT. RUSH

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